Introduction

UNBUNDLING SOVEREIGNTY

Sovereignty is an inherently territorial principle; it legitimates and reifies a particular territorially grounded way of organising political, social and economic life. The modern foundation of political authority is territorially exclusive, continuous, and contiguous. As the German sociologist Max Weber put it, the nation-state is a 'compulsory political organization with continuous operations . . . insofar as its administrative staff successfully upholds the claim to the monopoly of the legitimate use of physical force in the enforcement of its order' (Weber 1978 [1922]: 54). The modern nation-state has also come to be an all-purpose form of political organisation; over time the scope of responsibilities subsumed by governments has readily expanded into the comprehensive political bundles we observe today.

This book explores an alternative concept of governance characterised as 'non-territorial unbundling'. This concept runs contrary to the nation-state, as we know it, which is a bundled territorial form of political organisation. Economic theory from several schools of thought (new institutional, public choice, and Austrian economics) is used to investigate the characteristics of a possible non-territorial unbundled system of governance and point towards its desirability, if not its inevitability.

The modern process of 'territorial bundling' dates to the Peace of Westphalia, which marked the end of what could be considered a non-territorial unbundled medieval period and ushered in the beginning of the hegemony of the territorial nation-state. Modern territorial states came to replace the wide variety of territorial and non-territorial forms of political organisation and overlapping assemblages of authority. This was made possible by the emergence of the *idea* of exclusive authority in Western thought, as expressed by the likes of Jean Bodin and Thomas Hobbes, and culminating in the concept and practice of Westphalian sovereignty. But in addition to ideology, technological changes also contributed to the creation of nation-states as we have known them since the seventeenth century; namely the development of certain military, cartography and state legibility technologies. The purpose of this book is to consider the

prospect of a contrariwise future process of 'non-territorial unbundling'. The argumentation is largely theoretical, but there is also a measure of speculation on the impact of technological change on the future of nation-states; namely cryptography and citizen opacity technologies.

There is a growing body of economic and political theory that suggests that political organisation need not be exclusively territorial, and can be overlapping and even non-territorial over certain functions of governance. Indeed, some scholars are critical of the notion that political authority should reside in unitary, territorially monopolistic states (Ostrom 1971; Bull 1977; Elkins 1995; Ludlow 2001). Accordingly, sovereignty is increasingly viewed not as inherently territorial, and as divisible or issue-specific rather than absolute (Agnew 2009). Sizable attention has also been given to the 'end of the nation-state' hypothesis, which largely focuses on the role of technological development, global capitalism and cosmopolitan culture in bringing about its demise. Critics point to the effects of the Internet and globalisation in expanding authority beyond states and in reducing the primacy of territorial political organisation. Examples of these processes include denationalisation of currencies, dual and multiple citizenship, increased international migration, free trade of capital and goods, formation of virtual digital communities and non-territorial identities, and the prevalence of transnational corporations engaged in business in multiple countries.

There is a growing feeling among economists, political scientists and even national governments that the nation-state is not necessarily the best scale on which to address certain issues. Some functions of governance require supranational organisation, others are perhaps best administered at a smaller scale, such as at the city or regional level. A large number of public and private organisations intervene, mediate and engage in the provision of public goods across state boundaries, with attending implications for the transition towards issue-specific, non-territorial government. States themselves have become more willing to share authority given the way environmental, economic and social problems extend over traditional borders. Situations of 'shared sovereignty' between nominally sovereign entities are becoming more common—such as between governments in dual-system special zones like China and Hong Kong, partnership arrangements in special economic zones and private cities, constituent members of supranational governments like the European Union, international institutions like the International Monetary Fund, and more. It no longer seems outlandish to ask whether the modern state system 'may be giving place to a secular reincarnation of the system of overlapping or segmented authority' of the pre-Westphalian era (Bull 1977: 254).

BOOK OUTLINE

Chapter 1: Economic Theory of Non-Territorial Unbundling

Chapter 1, 'Economic Theory of Non-Territorial Unbundling' introduces the case for non-territorial unbundling by taking a discursive line through public choice and evolutionary economic theory. The argument begins with an appreciation of the many paradoxes and problems of majoritarian voting and how a more efficient system of governance is one in which citizens relate their political preferences in detailed and filigreed ways. That is to say simultaneous provision of collective goods and services cultivates greater citizen welfare than monopolistic provision, because of the conflicts and compromises that majoritarian democratic decision-making necessitates. Accordingly, this chapter explores the theory of non-territorial and unbundled governance as means to improve political choice. The main contention is that decoupling political jurisdiction from geographical location (so that citizens can switch political jurisdictions without switching location) and unbundling government (so that collective goods and services can be provided separately by independent public enterprises) will result in greater diversity of governmental forms, a wider range of choice for groups and individuals and, ultimately, better governance.

The traditional solution to the problems of majoritarian democracy is territorial decentralisation and political sorting: allowing citizens to sort themselves into the government that best represents their political preferences. But territorial decentralisation, too, suffers from inherent efficiency limitations. It relies on perfect mobility between jurisdictions, yet sorting over territorial jurisdictions is inherently costly and never perfect. The mobility and sorting mechanism requires that citizens sacrifice economic and social preferences (e.g. employment, civil society networks) for the satisfaction of political preferences. Therefore, to the extent that public, private and social preferences over geographical space are non-identical, there exist structural efficiency limits. And the more that political preferences geospatially diverge from other preferences, the more preferable is non-territorial governance to political territoriality.

The chapter argues that bundled governance generates trade-offs and impedes preference satisfaction over the full suite of government policy areas. This is because preferences over distinct functions of governance are often mutually exclusive, at odds with each other, or simply not offered coextensively by governments or rival political parties. Unbundling governance is the proposed solution: even if there are relatively few 'unbundle-able' functions, and even if there are relatively few public enterprises from which to choose, there could be considerable welfare gains from improved

political preference satisfaction. Only when unbundled choices converge on what would be the fully bundled, majoritarian-democratic result are welfare gains trivial.

Moreover, the chapter concludes that not all bundling should be ruled out; and instead advocates for the creation of unbundleable systems of governance that permit political entrepreneurs to discover ways of *unbundling and rebundling* functions. Experimentation with the bundling of the various services states offer elicits the discovery of optimal bundling options for the diversity of citizen preferences. Various normative political theories (e.g. anarchism, libertarianism, democratic socialism) amount to conjectures of political bundling. Yet optimal political bundles can only be discovered through practice, empirical trial and error, rather than prescribed theoretically. The chapter concludes that non-territorial unbundling is a platform for such a discovery process to play out.

Chapter 2: History of an Idea

Chapter 2, 'History of an idea' parses non-territorial unbundling by way of a literature review and an overview of historical and contemporary cases. Related ideas in political-economic thought are traced through history, and past and contemporary examples are uncovered to clarify the conditions for their possible implementation or emergence.

The chapter begins with a chronicle of the political philosophy of panarchism, which closely resembles non-territorial unbundling. The classical foundations of panarchism were laid more than a century and a half ago by Belgian political economists Gustave de Molinari and Paul Emile de Puydt, before undergoing a long dormant period, and only recently experiencing something of a contemporary revival. States in panarchy are distinguished from traditional Westphalian states in two fundamental respects: (1) they eschew territorial sovereignty, and (2) they offer explicit social contracts. Moreover, panarchism is empirical, evolutionary and historical, whereas the classical contractarian justification for traditional Westphalian nation-states is rational, timeless and ahistorical.

While the political philosophy of panarchism laid dormant for much of the twentieth century, similar concepts appeared. Moritz Schlick, the founder of the Vienna Circle and the philosophical school of logical positivism, advocated for non-territorial states in his *Natur under Kultur* in 1952. In his 1974 book *Anarchy, State, and Utopia*, Robert Nozick developed a 'framework for utopia' that can be likened to the non-territorial states concept. This was a philosophical reinvention of the theory of clubs, in which conditions of free competition enable the best 'utopian' political communities to emerge spontaneously. Czech dissident Vaclav

Benda made a philosophical call for a non-territorial shadow state in a short seminal tract called 'Parallel Polis' (later published in English in 1988). The overthrow of communism in the Velvet Revolution meant that his vision was never fulfilled, but a group of Czech political activists and Bitcoin entrepreneurs have today revived the concept under the guise of the 'Cryptoanarchy Institute'.

More recently, Roderick T. Long (2015 [1993]) outlined a form of political organisation at an intermediate or hybrid position between the territorially sovereign state and a pure system of non-territorial governance, which he called 'virtual cantons'. Yet another related concept is 'functional overlapping competing jurisdictions' (FOCJ) advocated by Swiss economists Bruno Frey and Reiner Eichenberger (1999). This too is a hybrid form of non-territorial political organisation, and its functionally defined political units also resemble political unbundling. Liesbet Hooghe and Gary Marks (2001) provide a fruitful empirical counterpart to the theoretical exposition of Frey and Eichenberger in their analyses of multi-level governance arrangements. They find that both bundled/territorial (type I) and unbundled/non-territorial (type II) governance can be efficient under various conditions.

Non-territorial unbundling may appear radical to people who have only known and lived in nation-states. However, there are a number of historical precedents to the concept. The second half of this chapter reviews some of these. Non-territorial systems of governance date back as far as ancient Greece, Sparta and Rome. The Icelandic Free Commonwealth of the Middle Ages was composed of both territorial and non-territorial courts and assemblies known as 'Things'. Subjects could easily switch membership simply by making a witnessed public pronouncement and paying membership fees to their new Thing, effectively 'voting with their tributes'. The Ottomans applied a non-territorial 'millet' system to govern their multicultural and multi-religious empire. A millet was an autonomous self-governing community organised under its own laws and headed by its own leader, who was responsible to the central Ottoman government for responsibilities and duties such as the payment of taxes, maintenance of internal security, and various public goods. Karl Renner and Otto Bauer proposed a non-territorial federation to accommodate the considerable ethno-national diversity of early twentieth-century Austria-Hungary. Despite at various times being in positions of power within the government they were unable to bring about their reform amid a tide of nationalism that saw the collapse of Austro-Hungarian monarchy and disintegration of the empire.

More recently, Belgium and Switzerland have applied composite territorial and non-territorial federal systems. Belgian dual federalism is

constructed such that citizens living in the Brussels-Capital region have the choice of two community governments (e.g. Flemish and Walloon). These govern in parallel over functions of government related to education, culture, language, health, welfare, and more. In Switzerland, a multitude of governmental units exist, at the commune, canton and federal levels. There are some 5,000 'special commune' public jurisdictions that levy their own taxes to fund the provision of various functions of governance. Many are overlapping and functionally defined, so can be considered governments without territory.

The chapter concludes with a discussion of how technological developments, especially in areas such as cryptography and telecommunications, are shifting the balance away from purely territorial governance to more decentralised, non-territorial political forms. The most demonstrable connection between technology and non-territorial governance is found in the theory and practice of cryptoanarchy: citizens connected in digital networks non-territorially seceding without erection of borders or movement of people. The emergence of Bitcoin and blockchain-based enterprises (e.g. *UnSystem*, *Ethereum*, *Bitnation*) may fulfil the panarchist ideal of non-territorial unbundled states or they may merely serve as laboratories for experimentation in creative social, political and legal arrangements.

The upshot from this chapter is that the 'pure' theory of non-territorial unbundling has yet to fully arise. Historical and contemporary cases like the Ottoman Empire and Belgian dual federalism are only partial exemplars, and have met with mixed outcomes. Evidently the case of cryptographic exit to virtual states, or cryptosecession, is closest to realising the non-territorial unbundled form of political organisation. However, since the cryptosecession phenomenon is still unfolding, decisive conclusions cannot yet be made.

Chapter 3: The Political-Jurisdictional Coase Theorem

Chapter 3, 'The Political-jurisdictional Coase theorem' proposes an extension of the Coase theorem to explain how political systems and jurisdictions change. This conceptualises polities as commons and describes how changes to access rules and boundary rules serve to reallocate property rights within and across political commons. The framework corresponds to various political-jurisdictional transitions—including non-territorial unbundling—and is used to explore the problem of nation/state incongruities. The point of the political-jurisdictional Coase theorem model is to clarify the conditions under which non-territorial unbundling might emerge, or conversely, to explain why it has yet to eventuate.

Fiscal processes typically transform private property into common property, with the state becoming the forum where rules for governing the commons are decided. In a political commons the fiscal capacity of the whole economy is the analogous exploitable resource. An account of how polities are constituted as fiscal commons (and how this often portends to exploitation and inefficiency) is outlined. This is extended to an analysis of political-jurisdictional systems as complex institutional structures of access rules and boundary rules, which either sustain or deplete social value. Citizens differentially contribute to and draw from political commons according to these rules, and as a result, changing access to and boundaries of political commons modifies the allocation of property rights in a polity. The line of analysis concludes by contending that nonterritorial unbundling can temper the tragedy of the fiscal commons by generating viable exit options and membership externalities in multiple, overlapping majorities.

Jurisdictions and policies serve to mediate the allocation of property rights in a polity. A seeming de facto allocation of legal entitlements can be modified by state action and transformed into a *de jure* allocation, as the result of Coasean political exchange. This is illustrated using a simple model in which de facto property rights and jurisdictions are the most basic connections forming the institutional structure of a polity-economy. Thus transitions in the structure of *de jure* property rights relations are a function of transitions in de facto property rights relations and transitions in jurisdictional relations, as well as political reallocations. Moreover, a Coasean reading of this model suggests that the optimally efficient allocation of property rights that maximises social welfare can be achieved by making reallocations in markets, jurisdictions or politics. The political-jurisdictional Coase theorem (PJCT) accordingly states that:

> Regardless of the initial allocation of legal entitlements (i.e. property rights, policies, jurisdictions) if transaction costs are not prohibitively high and trade in externalities is possible then bargaining will lead to an efficient allocation of property rights and political authority.

Whether this reallocative process is efficient will depend on familiar Coasean assumptions pertaining to the distributive effects of the initial allocation (i.e. wealth and income effects) and relative impositions of political, jurisdictional and market transaction costs.

We can reinterpret many episodes from history—how things worked, but also failures and grievances—in light of the political-jurisdictional Coase theorem. The central claim made here is simply that the problem of the nation-state is the combined expression of non-optimal allocations

of political, jurisdictional and property rights, prohibitive transaction costs, or perverse wealth effects. If ideal Coase-theoretic conditions were met then a political-jurisdictional system would indeed move towards the optimal allocation of property rights and political authority—of nations, states and nation-states—but in imperfect real-world conditions there is no such guarantee.

The implications for the prospect of non-territorial unbundling are then discussed. First, if the initial allocation of political authority among jurisdictions is inefficient, then prohibitively high transaction costs will impede a more efficient allocation from obtaining. That is, even *if* non-territorial unbundling is optimal, it will not eventuate. Similarly, wealth effects could prevent an optimal allocation of political authority if citizens lack the requisite resources to make political exchanges and effect jurisdictional change. This may explain why non-territorial and unbundled states are rare in history; or it may simply be the case that it is a comparatively inefficient institutional form. The political-jurisdictional Coase theorem accommodates both possibilities.

Chapter 4: Political-Jurisdictional Possibilities and Transitions

Chapter 4, 'Political-jurisdictional possibilities and transitions' presents a framework describing the trade-off between inefficient markets, politics and jurisdictions, and applies it to the problem of jurisdictional design. The purpose is to analyse the institutional structures that exist in the political-jurisdictional Coase theorem in greater detail. As such the chapter introduces the political-jurisdictional possibilities frontier (PJPF) to illustrate the space of property-authority allocations (as political-jurisdictional rules) and a political-jurisdictional transformation frontier (PJTF) to illustrate movements about property-authority allocations. To conclude, the possibilities space and the transformation frontier are used to demonstrate various political-jurisdictional transitions in some stylised examples.

Different allocations of property rights and political authority associate to different institutional systems, which array along the political-jurisdictional possibility frontier. The possibilities frontier maps trade-offs between the social losses from market, political and jurisdictional transaction costs, which form the three axes of an institutional possibilities space. Minimising transaction costs in each of these dimensions brings about optimally allocated property rights and political authority, given the location of the possibilities frontier, which varies across societies and over time. Improvements in market-supporting institutions and repeal of market-controlling policies serve to shift the possibilities frontier inwards along the market transaction cost dimension. For political transaction

costs, an inward shift associates to a general *reduction* in the costs of political decision-making as well as a general *equalisation* of political transaction costs (since disparities create potential for rent seeking). Constitutionally permitting jurisdictional change and removing barriers to citizen mobility shifts the possibilities frontier inwards along the jurisdictional transaction cost dimension.

Yet irrespective of transaction costs, whether or not a society moves towards the efficient point on the political-jurisdiction possibilities frontier also depends on the initial allocation of property rights, policies and jurisdictions. If a property holder cannot be adequately compensated for the transfer (i.e. if the other party is constrained by wealth) then no political, jurisdictional or market exchanges will take place. The political-jurisdictional transformation frontier defines the set of maximal outcomes—allocations of property rights and political authority—achievable by a polity-economy, given the interests of the incumbent holders of private property rights and political property rights in franchise. The location and shape of the transformation frontier is codetermined by the subjective valuations of incumbent and prospective entitlement holders: *beliefs and ideas* about the value of entitlements, the efficacy of policies, or the effect of a jurisdictional change.

The PJPF model shows the full space of allocations of property rights and political authority that are *possible* for a polity-economy, given the prevalence of market, political and jurisdictional transaction costs. The PJTF model, on the other hand, shows the compact trajectory of allocations that the polity-economy *actually* charts as it undergoes political-jurisdictional transformation. The transformation frontier is a means to describe how a polity-economy moves within the possibilities space, given the possibilities frontier it finds itself on (so incorporating transaction costs) but, moreover, given the interests of incumbents and the ability of prospectives to compensate with side payments (so incorporating wealth effects). The possibilities and transformation frontiers combine to chart the trajectory a polity-economy takes through the space of possible property and authority allocations, and together they furnish a fuller model of the political-jurisdictional Coase theorem.

Chapter 5: Theory of Non-Territorial Internal Exit

Chapter 5, 'Theory of non-territorial internal exit' presents a model of partial internal exit that captures the dynamic of fiscal competition between incumbent and potential governments in a non-territorial unbundled system. The purpose of the model is to demonstrate how fiscal exploitation is reduced and eventually eliminated as the capability of citizens to move to

non-territorial and unbundled jurisdictions increases. Moreover, the model also sheds light on the possible responses of incumbent governments to the emerging threat of cryptosecession. Non-territorial unbundling in general, and cryptosecession in particular, are shown to be forms of partial internal exit. As such, a 'cryptosecession game' is specified using a non-territorial and partial internal exit mechanism, and solved for an outcome in which politically connected insiders choose not to exploit ineffective outsiders. Instead they choose a set of policies and jurisdictions that is optimally efficient in the political-jurisdictional Coasean sense. The chapter concludes by discussing the implications of the model for non-territorial unbundling and blockchain-based cryptosecession.

A discussion of the relationship between fiscal exploitation and allocative efficiency in public good provision opens the chapter. According to this relationship, the case is made that if a political-jurisdictional order is not yet allocatively efficient—and some subset of citizens is being fiscally exploited—then the process of non-territorial unbundling should see taxes converge on average costs of provision, fiscal surpluses disappear, and transfers cease. Within the non-territorial unbundled system, jurisdictional changes attending to fiscal equivalence are not limited to complete realignments of citizens and jurisdictions, but also extend to changes in the distribution of political-economic activity that citizens conduct in their multiple political units. That is to say, this is a process of *partial* exit, not 'all-or-nothing' exit. In modelling this, a coefficient β is introduced to represent the share of activity a potential seceder can shift between jurisdictions. This is a general measure of the capability of citizens to move between non-territorial unbundled jurisdictions, and is also interpreted as representing the state of cryptosecessionist technology.

The partial internal exit model takes the form of a cryptosecession game played between politically connected insiders (or fiscal surplus 'sharers') and ineffective outsiders ('non-sharers'). This is a multi-stage game: in the first stage sharers set the tax rate; in the second stage non-sharers decide to secede or not; and in the third stage both sharers and non-sharers simultaneously decide to cryptosecede or not. The game is solved by simple comparison of payoffs for each player and backward induction. Somewhat paradoxically, the outcome of the cryptosecession game is that there is no cryptosecession. That is to say, while secession and cryptosecession do not occur, their presence as options for citizens serves to limit fiscally exploitative behaviour, and ensures an optimally efficient outcome. It is precisely the capability to secede—whether fully or partially, territorially or non-territorially—that induces a fiscal competition, and which restricts fiscal exploitation.

Moreover, the model shows that if crypto technology is developed to a certain critical threshold, then fiscal exploitation is fully eliminated and the resulting political-jurisdictional order is optimally efficient. That is to say, partial internal exit (i.e. non-territorial unbundling) overcomes the disadvantages of territorially moving from a larger polity-economy. It becomes a more potent force for correcting inefficient allocations of policies, peoples and polities than basic internal exit (i.e. territorial mobility).

Therefore, the main conclusion from the theory of non-territorial exit is that the capability of citizens to reconfigure their political memberships by unbundling or switching between non-territorial jurisdictions incentivises incumbent institutions to dispense with inefficient or exploitative policies. Secondly, if non-territorial unbundling does indeed promote an optimally efficient alignment of citizens and policies (as argued throughout this book), and if technologies of cryptosecession continue to develop, then the responses initiated by political incumbents should reflect this. These are the testable implications of the model: that the growth of cryptography-enabled internal exit will exert pressures for fiscal reform, and the subsequent patterns of political-jurisdictional re-equilibration that emerge will resemble the non-territorial unbundled form.

Chapter 6: Spontaneous Order in the Formation of Non-Territorial Political Jurisdictions

Chapter 6, 'Spontaneous order in the formation of non-territorial political jurisdictions' extends existing theories of spontaneous order in politics to a new theory of spontaneous order in jurisdictions. Under certain conditions the various kinds of jurisdictional changes—citizen mobility and migration, but also external and internal re-bordering, and secession and integration—constitute spontaneous orders. Jurisdictional spontaneous orders emerge and evolve in an orderly yet unplanned way due to shared rules of procedure, simplified feedback mechanisms, freedom of entry and exit, and equality of status among participants. Moreover, they are complex discovery procedures that coordinate the distributed knowledge of participants. Personal secession and non-territorial governance are parsed through the framework as potential mechanisms of jurisdictional change, and some implications of technological change are discussed.

The problem of the nation-state is how to design a jurisdictional order and assign political authority so as to discover a harmonious allocation of people to nations, states and nation-states. But the limits of human reason and planning apply to the carving out of international (and sub-national) borders, not only the political actions that occur within them. Just like the knowledge problem critique of attempts to replicate market allocations

with central planning, rational constructivist planning of jurisdictional orders succumbs to 'the knowledge problem of the nation-state'. The information required for rational jurisdictional planning is distributed among individuals throughout the polity and thus unavoidably exists outside knowledge of a central authority.

The knowledge problem of the nation-state is most often confronted ('solved') with rational constructivist planning and what is a weak correcting force of controlled migration. In a certain morose sense, attempts to redraw borders or move peoples have illustrated the appalling failures of planning: political division, large-scale population displacement and ethnic cleansing. In contrast, spontaneously ordered political jurisdictions are the general solution to the knowledge problem of the nation-state. Much like how the spontaneous order of a free market system is designated a 'catallaxy', the spontaneous order of a free jurisdictional system is defined as a constitutional catallaxy or 'constellaxy'. Nation-states are not yet perfect constellaxies and as such there is an imperative to discover alternative models of governance that are capable of adapting to the increasingly complex, intermingled and multidimensional compound of publics that prevail today.

Following this, an argument is made that non-territorial polycentric democracy cultivates spontaneously ordered political jurisdictions. Non-territorial polycentric democracy is defined as a political system constituted by multiple *overlapping* jurisdictions. Rather than foreclosing on a broad class of non-territorial solutions it is suggested that citizens seek out each other to form political jurisdictions irrespective of location. The jurisdictional order in non-territorial polycentric democracy is then an emergent property of the process of group discovery and formation; and is thus a spontaneous order that is potentially curative of the knowledge problem of the nation-state.

The prospect of non-territorial polycentric democracy depends on patterns of political, social and economic geography within a polity. As mentioned throughout this book, there is an inherent dilemma generated in the tension between political geography (i.e. jurisdictional order) and social and economic geography (i.e. the patterns of economic activity and dispersal of co-existing groups). Moreover, trends in technology, globalisation, urban development, and inter- and intra-national migration continue to generate more complex and intermixed political–social–economic geographies. The result of multiple groups overlapping within the same location is an apparent conflict between the traditionally conceived nation-state and other orders. Non-territorial polycentric democracy subverts this conflict: spontaneously ordered political jurisdictions are capable of adapting to other orders, however they might be geographically distributed.

Such an institutional system is capable of generating new jurisdictional rules from within by either: (1) constitutionally permitting non-territorial jurisdictional change and enabling political entrepreneurship (a *de jure* mechanism), or (2) in the absence of this, through cryptoanarchist technologies that enable non-territorial secession and governance (a de facto mechanism). It is important that one of these avenues remains open, as inhibiting or prohibiting these mechanisms causes distortions that constrain or prevent political-jurisdictional constellaxy. The assumption that political jurisdictions must be territorial limits the potential of democracy; in contrast, non-territorial polycentric democracy cultivates both political sorting *and* intermixed and concentrated civil society and economy. For these reasons, it is crucial that we understand the institutional mechanisms supporting non-territorial polycentric democracy.